



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 01 2013

The Honorable Barbara Mikulski
Chairwoman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

Thank you for your letter dated January 22, 2013, requesting information from the Department of the Interior on the impact of a potential sequester of funds on our operations, employees, contractors, and, when known, the impact on the state and local economies where the Department operates or distributes funding.

I understand your concern that the impact of the sequester may not be fully understood by Congress and the American public. In response to your letter, I have asked our bureaus and offices to provide information regarding the impacts they anticipate from a sequester. They have compiled several of the most significant identified impacts a summary of which is enclosed.

We appreciate the opportunity to provide this information about the serious impacts that sequestration will have on the Department's management of many of the United States most valuable and treasured natural, historical, scientific, and tribal resources.

Please let me know if you have any questions or require additional information from the Department.

Sincerely,


Ken Salazar

Enclosure

Department of the Interior
Assessment of Key Impacts from Sequestration

Oil and Gas and Coal. Development of oil, gas, and coal on Federal lands and waters would slow down due to cuts in programs that: Issue permits for new development, plan for new projects, conduct environmental reviews, and inspect operations. Leasing of new Federal lands for future development would also be delayed, with fewer resources available for agencies to prepare for and conduct lease sales. As a result:

- Efforts to expedite processing of offshore oil and gas permitting in the Gulf of Mexico would be thwarted by delays, putting at risk some of the 550 exploration plans or development coordination documents Bureau of Ocean Energy Management (BOEM) anticipates for review this year.
- Reductions would impact BOEM's oil and gas activities in the Alaska Region, including the processing of G&G seismic permits, review and analysis needed for Environmental Assessments, work on Worst Case Discharge analysis for drilling permit reviews, and Air Quality data gathering and modeling work with other Federal agencies.
- Approximately 300 fewer onshore oil and gas leases would be issued in Western states such as Wyoming, Utah, Colorado, and New Mexico, delaying prospective production from those lease tracts and deferring payments to the Treasury.
- Delays in coal leasing would defer as much as \$50 to \$60 million from the Treasury for each sale delayed.
- The FWS would conduct approximately 2,000 fewer consultations, delaying economic development projects and energy facilities that need environmental approvals.

Visitor Impacts. The public should be prepared for reduced hours and services provided by Interior's 398 national parks, 561 refuges, and over 258 public land units. Reductions would:

- Reduce hours of operation for visitor centers, shorten seasons, and possibly close camping, hiking, and other recreational areas when there is insufficient staff to ensure the protection of visitors, employees, and resources.
- Require complete closure or program elimination at about 128 refuges. Visitor programs at nearly all refuges would be discontinued.
- Limit the Department's ability to sustain a full complement of seasonal employees needed for firefighting, law enforcement, and visitor services at the time when parks, refuges, and land areas are preparing for the busy summer season.

Local communities and businesses that rely on recreation to support their livelihoods would face a loss of income from reduced visitation to national parks, refuges, and public lands. The 435

million recreational visits to Department managed lands in 2011 supported about 403,000 jobs nationwide and contributed nearly \$48.7 billion to local economies.

Cuts in Federal Payments to State and Local Governments. States and local governments would lose over \$200 million in direct funding from the Department for Payments in Lieu of Taxes (PILT), revenue sharing from mineral leasing on Federal lands, and various grants. Local governments, particularly in Western states, rely on these funds to cover their base budgets and they would have to cut back on core operations ranging from police and fire protection to school and road maintenance.

- Impacted would be the states' share of revenue from energy and mineral production within their borders and offshore on the Outer Continental Shelf. Last year more than \$2.1 billion was disbursed to 36 states and counties in nine states. Wyoming, New Mexico, Utah, California, Colorado, and North Dakota are among the largest revenue recipients facing cuts.

States would also have to scale back on wildlife conservation work and access, which could affect local hunting, shooting, fishing, and boating. State and local economies depend on the associated revenue from hunters, anglers, and wildlife watchers who in 2011 spent \$145 billion on related gear, trips, and other purchases, such as licenses, tags, and land leases and ownership.

Native American Programs. Tribes would lose almost \$130 million in funding from the Department. Reductions would be necessary in many areas including human services, law enforcement, schools, economic development, and natural resources.

- Reductions will cut short the availability of assistance programs to the neediest of Indian Country by 3 or 4 months. Payments would stop to approximately 2,400 needy Indians for each month the General Assistance program is shut down.
- Cuts to Indian education programs will directly impact school services and scholarships offered to attend schools in the 2013-2014 academic year. The Bureau of Indian Affairs (BIA) schools would have the choice of reducing staff, services, or the number of days in the school year.
- Additionally, many tribes would be affected by reductions to funds that offset administrative costs for tribal management of Federal programs. Reductions to BIA's natural resource programs would impact the development of conventional and renewable energy and minerals on tribal lands.

Water Challenges. Some Bureau of Reclamation (BOR) facilities could be closed to the public due to unsafe conditions while necessary maintenance and repairs are delayed. High priority Dam Safety corrective modifications would be completed at a slower pace at several dams that pose potential risk to the downstream public. The BOR would be at risk for missing water deliveries related to environmental commitments in water districts across the West.

The United States Geological Survey may have to discontinue operation of 350 to 375 stream gages used throughout the country to predict and address drought and flood conditions by monitoring water availability. Work would also stop on water availability studies in Delaware, Colorado, and the Apalachicola-Chattahoochee-Flint River basins.